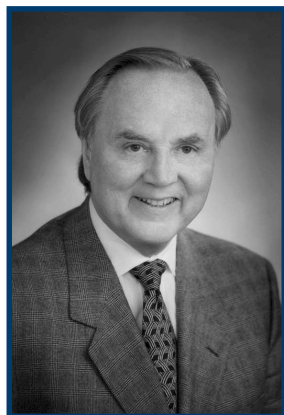


# California Board of Accountancy

## President's Message



Baxter Rice  
*Immediate Past President*

Here at the California Board of Accountancy, we are in the midst of our second sunset review cycle. Upon approval by the Board in November of the final draft of the *2000 Sunset Review Report*, the document was submitted to the Joint Legislative Sunset Review Committee (JLSRC) chaired by Senator Liz Figueroa. On December 5, 2000, Board members Navid Sharafatian, Donna McCluskey, staff, and I represented the Board at a public hearing before the JLSRC and responded to questions raised by committee members and the legislative staff. Moreover, other stakeholders presented their views.

The content of *2000 Sunset Review Report* is the outcome of five years of substantial effort toward satisfying and implementing the mandates that resulted from this Board's first sunset review in 1995. As directed by the JLSRC, the 2000 report provides overviews of the Licensure and Enforcement Programs, discusses budget matters, explores issues relative to

the Uniform Accountancy Act (UAA), and furnishes detailed statistics concerning every aspect of the Board's regulatory responsibilities. In addition, the report presents the findings of studies of the Board's education, experience, and continuing education requirements.

The 119-page document consists of three sections. Part 1 describes significant program improvements since the last sunset review. Part 2 provides in-depth responses to 28 specific issues identified by the JLSRC, related either to the previous sunset review or to more recent concerns. These issues focus on the operation of the Board's programs and on program improvements the Board is recommending.

More comprehensive information regarding the Board's recommendations is provided in Part 3. In response to changes in the public accounting and regulatory environments, the Board is proposing to amend its licensure requirements to be more consistent with the UAA and with licensure requirements in most other states. The statutory and regulatory changes proposed by the Board would be to adopt the UAA exam passage standard, the 150-Hour Education Requirement, and a one-year general experience requirement. With these changes in place, attest experience no longer would be required for licensure. Further, to enhance consumer protection, the Board is proposing statutory revisions to add a peer review requirement for those firms providing attest services. The

*(Please see President's Message, continued on page 2)*

Spokane

## Mission Statement

**The mission of the California Board of Accountancy is to protect the public welfare by ensuring that only qualified persons are licensed and that appropriate standards of competency and practice are established and enforced.**

## Vision Statement

**It is the vision of the California Board of Accountancy to become the premier regulatory agency that operates with maximum efficiency, fosters continuous quality improvement, and provides exemplary consumer protection while recognizing the changing consumer demographics and nature of services provided by licensed professionals.**

## In this Issue . . .

<b>News to You .....</b>	<b>3</b>
<b>Web Award .....</b>	<b>4</b>
<b>What's New at</b>	
<b><a href="http://www.dca.ca.gov/cba">www.dca.ca.gov/cba</a> .....</b>	<b>5</b>
<b>Cost Recovery .....</b>	<b>6</b>
<b>Future 2001 Meetings .....</b>	<b>7</b>
<b>Regulation on Client Notification .....</b>	<b>8</b>
<b>Clarification of CE Requirements .....</b>	<b>9</b>
<b>Committee Member Appointments .....</b>	<b>9</b>
<b>QC Provides Consumer Protection ..</b>	<b>10</b>
<b>Meeting Your PC&amp;E Requirement.....</b>	<b>11</b>
<b>Major Case Consultant Opportunity ..</b>	<b>12</b>
<b>Deadlines for May 2001 CPA Exam .....</b>	<b>13</b>
<b>Web Site Forms .....</b>	<b>13</b>
<b>Disciplinary Actions .....</b>	<b>14</b>

*President's Message (continued from page 1)*

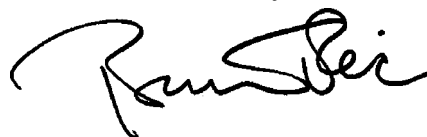
proposal provides for a three-year transition to the new requirements.

Other recommended changes include revising the statute on Board composition to no longer require that one Board member be a Public Accountant (PA). The rationale for this recommendation is that the number of PAs holding active licenses is declining (currently fewer than 300 individuals), and it is becoming increasingly difficult to find a qualified, interested PA to serve on the Board. In the alternative, the revised statute would require that two of the six licensee Board members be from small firms. In addition, the Board is recommending modifications to its fee structure in preparation for the future computerization of the Uniform CPA Examination.

Incorporating the findings from the December 5<sup>th</sup> hearing and other information, in 2001 the JLSRC will work with the Department of Consumer Affairs to develop final recommendations that will be incorporated into legislation. It is anticipated that, if successful, this legislation would be enacted in 2001 with an effective date of January 1, 2002. As the process continues, more information will be provided in future issues of *Update*. In the meantime, the full text of the 2000 Sunset Review Report is posted on the Board's web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).

On another subject, I would like to take this occasion to acknowledge the outstanding work of the Board members, committee members, and the staff of the Board office in Sacramento, all of whom I have had the pleasure of working with during my term as President. I especially want to say "thank you" and farewell to Robert Shackleton, Walter Finch, Diane Rubin, and Joseph Tambe, all of whom served with me on the Sunset Review Committee since May 1998. They also served on many other committees and in numerous capacities during their time on the Board. These four individuals have concluded their terms as Board members. Their contributions have been enormous, and they are certainly owed a debt of thanks for their conscientious service to the consumers of California and the licensees of this Board.

Finally, I want to express my appreciation for the opportunity to have been able to serve as Board President during the past year. I will be stepping down but will continue to serve with our new Board President, Donna McCluskey, the other board members, and the staff to meet a new year of challenges.



Baxter Rice  
Immediate Past President

## Issues of Interest

*to the Consumer and the Practitioner*

# News to You

### Legislation to Combat Cheating

The Governor has signed into law Senate Bill 1863, which will increase the Board's effectiveness in combating cheating on the Uniform CPA Examination.

Effective January 1, 2001, the Board will be able to take action to bar candidates who cheat from sitting for future exams. To prevent a cheater from sitting for the CPA exam in another state, this Board also will be empowered to communicate a "finding of cheating" to other state boards.

This legislation was carried by the Senate Business and Professions Committee on behalf of the Board.

### Board Member testifies before the SEC

Baxter Rice, the first public member to be President of the California Board of Accountancy, testified before the Securities and Exchange Commission (SEC) on September 13, 2000, in response to the SEC's proposed revisions to the auditor independence rules.

In his testimony, Mr. Rice commended the SEC for elevating public awareness of the critical public policy issue of auditor independence. He also emphasized the potential impact of the proposal on licensees and consumers and the role of state boards as regulatory partners in conjunction with the SEC.

In his remarks, Mr. Rice testified he was representing his own views, not the formal position of the Board.

### November 2000 CPA Examination

The Uniform CPA Examination was held on November 1 and 2, 2000, in Pleasanton, Pomona, and Sacramento. While 10,156 candidates were originally scheduled to take the exam, after an approximate 22 percent no-show rate, 7,941 actually sat.

California also proctored 54 candidates from other states, and 73 California candidates were scheduled to take the examination in another state.

### Notification Requirement

Licensees should be aware that since June 9, 2000, all practitioners, including licensed firms, must notify their clients that they are licensed by the California Board of Accountancy.

This notification requirement is found in Section 50 of the Accountancy Regulations. Please see the article on page 8 of this publication for information regarding the various options that may be employed to fulfil this requirement.

### Customer Records — Personal Information Disposal

Responsible disposal of customer records containing a client's personal information is the subject of a new law, effective January 1, 2001.

AB 2246 requires all businesses — including licensees of the California Board of Accountancy — to take all reasonable steps to destroy customer or client records containing personal information that is no longer needed by the business.

This bill requires a business to ensure the privacy of a customer's personal information contained in records by destroying or arranging for the destruction of the records by shredding, erasing, or any other method that makes the personal information unreadable.

The objective of AB 2246 is to protect clients' privacy and prevent identity theft. Any client injured by a business's violation of these provisions would be entitled to institute a civil action to recover damages or seek other legal remedies.

### New DCA Office of Privacy Protection

On a related note, Senate Bill 129, effective as of January 1, 2001, authorizes the creation of a new Office of Privacy Protection at the California Department of Consumer Affairs.

This new consumer protection office will become the central clearinghouse where California consumers can file complaints and seek advice about privacy-related issues. The office will assist consumers and work with law enforcement to investigate crimes, such as identity theft and other invasions of consumer privacy. The new Office of Privacy Protection also will work with businesses to develop consumer dispute resolution programs, and privacy protection policies, including online security protocols.

## Web Award

We are pleased to tell you that our Web site, [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba), has been honored by the Strategic Initiatives

Committee of National Association of the State Boards of Accountancy (NASBA). California is one of just four state boards to receive the NASBA Web Award. North Carolina, Washington, and Idaho were also recipients.

The four chosen Web sites were designated by the NASBA committee as model examples for all of the boards of accountancy to consider in designing their own sites.

In making its selection, the Strategic Initiatives Committee took eight months, from January through August 2000, to view and research the Web sites of all 54 jurisdictions. The committee focused on Web site design and examined ways in which Internet communication

can increase effective communication between consumers, regulatory entities, and licensees.

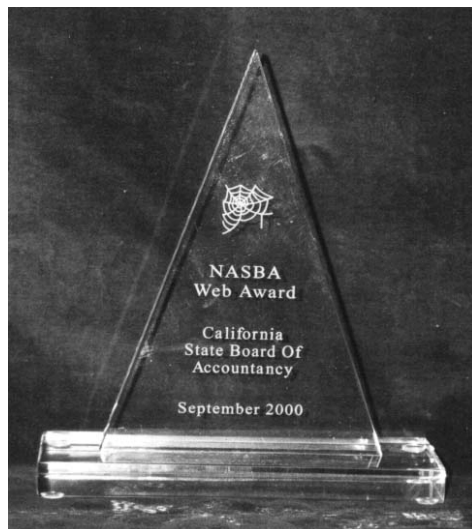
In announcing the awards at its September 2000 meeting, the Strategic Initiatives Committee outlined a comprehensive list of information believed to be

necessary in assisting consumers, regulators, licensees, and exam applicants.

Some of the topics listed as desirable included licensing requirements, a license look-up feature, continuing education requirements for renewal, disciplinary procedures, examination application requirements and procedures, and Americans with Disabilities compatibility.

Especially important were features such as ease of navigation, forms provided on the site, archived publications, statutes

and regulations, and Frequently Asked Questions (FAQs). California was especially noted for its unique design, a user-friendly table of contents, and its comprehensive material in an easy-to-read format. ❖



## 2001 Board Officers

Donna McCluskey, CPA, President

Navid Sharafatian, Vice President

Michael S. Schneider, CPA, Secretary-Treasurer

Information

Each issue of *Update* contains important information about the public accounting profession, including notices of proposed hearings on regulation changes, Board and committee meetings, proposed new regulatory language, and topical information about enforcement, examination, licensure, and continuing education issues. For ease of reference, we suggest that after you receive and read *Update*, you place these issues in your professional library. For your convenience, all issues of *Update* since 1998 are also posted on our Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).





## What's New at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)

### Quick-Click Goal

Because our Web site has become quite large, we continually strive to make it easy to access the information you wish to view. In fact, our goal is to make *everything* on our site available within three clicks of the mouse. We recognize that our site is successful only if our users are able to quickly and easily locate the desired information.

To accomplish this goal, we have alphabetized our *Table of Contents* and *Forms* pages within each category. In addition to the navigation buttons you have become familiar with, you will now see a new level of menus on the left-hand side of each page. They are designed to give the user another *quick-click* route to the desired information.

### Renewal Information Added

As anticipated, renewal Information and forms have been added to the Board's Web site under the "Of Importance to the Licensee" category.

On the new *Renewal Information* page, you will find information regarding cancellation, change of address, delinquent renewal, fees, inactive to active status, inactive renewal, name change, reportable events, and retired accountant designation.

On the new *Continuing Education (CE)* page, you will find information regarding acceptable CE, accounting and auditing CE, extension or exemption, governmental CE, provider information, and writing exam questions/answers.

The *Professional Conduct & Ethics Course (PC&E)* page has been updated and continues to display the current Board-approved providers list, complete with links to their Web sites.

Included in the project are four renewal forms that you will see listed in "Forms Available on the Board's Web Site" on page 13 of this publication.

### Frequently Asked Questions (FAQs)

As anticipated in *Update* Issue 46, we have added a FAQ page with renewal-related questions and answers. This project is in the process of collecting additional FAQs relating to the examination process, initial licensing process, corporations and partnerships licensing, as well as consumer inquiries.

### Reference Additions

For reference, the body of the Board's *2000 Sunset Review Report* is available to be viewed, printed, and/or downloaded from our Web site.

As an additional reference, the Board's *Mediation Guidelines* have been added to the Web site. In February 2000, these guidelines were incorporated by reference into Section 98.1 of the Accountancy Regulations.

As always, we wish to encourage you to visit the Board's Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba) to check out the new information. Your comments and questions concerning what you see posted there are always welcome. Please feel free to contact our Web Page Master, Ms. Holly Hansen, at [pagemaster@cba.ca.gov](mailto:pagemaster@cba.ca.gov). ♦

## Cost Recovery

Those who read the Board's disciplinary actions in *Update* may have noticed that many stipulated settlements include a requirement that the respondent reimburse the Board its investigation and prosecution costs. Cost recovery permitted by the California Accountancy Act allows the Board to recoup costs that otherwise would be paid by practitioners through their licensing fees.

The information in the following article has been excerpted from the California Board of Accountancy's *2000 Sunset Review Report*, submitted in October 2000 to the Joint Legislative Sunset Review Committee of the California Legislature.

The Board's general practice has been and continues to be the pursuit of cost recovery where appropriate. All accusations that involve violations referenced in the Board's cost recovery statute (Business and Professions Code Section 5107) include a plea for

awarding costs. In the cases in which cost recovery is ordered but not collected due to a revocation of the license, it is the Board's policy to require reimbursement of all reasonable costs for the violations for which action was taken, should the respondent petition for reinstatement of the license.

The table below illustrates cost recovery information for the past four fiscal years.

This data depicts the various case elements that constitute both the potential for and the actuality of cost recovery. The table is divided into two components, **Potential Cost Recovery Cases** and **Cost Recovery in Relation to Case Expenditures**. Figures are expressed in three modes — number of cases, dollar amounts, and percentage of recovery rate with respect to enforcement expenditures for those cases in which cost recovery was ordered or included in settlements. In each of the past four fiscal years, the Board's recovery ratio has been significant.

Cost Recovery Information				
Potential Cost Recovery Cases				
	FY 1996/97	FY 1997/98	FY 1998/99	FY 1999/00
Cases Closed with Discipline	35	53	36	33
Cases Qualifying for Cost Recovery (B&P § 5107)	29	31	22	25
Cases Closed via Default	11	5	5	3
Cases Closed via Stipulated Revocation	1	8	6	5
Cases Closed via Stipulated Surrender	1	2	2	0
Net Potential Cost Recovery Cases	16	16	9	17
Cost Recovery In Relation to Case Expenditures				
Actual Cost Recovery Cases	13	15	8	17
Enforcement Expenditures for Net Potential Cost Recovery Cases	\$333,190 <sup>1</sup>	\$231,347	\$99,012	\$170,665
Actual Cost Recovery Dollars and Percentage of Recovery	\$111,934	\$159,195	\$72,260	\$119,409
	34%	69%	73%	70%
<b>NOTES:</b> <sup>1</sup> Expenditures include \$173,965 in costs for a major case that was closed during this period. Due to extreme financial hardship of the Respondent, only \$30,000 of these costs were recoverable.				

(Please see Cost Recovery, continued on page 7)

The statistics represented in *Cases Closed with Discipline* are based upon the total number of disciplinary cases that were closed during the review period. The data depicted in *Cases Qualifying for Cost Recovery* is a subset of *Cases Closed with Discipline* and represents the number of closed disciplinary cases that had violations included within the authority of the Board's cost recovery statute.

Many cases that initially qualify by statute for cost recovery are concluded via methods that eliminate the potential for cost recovery. These methods include:

- Cases closed via default.
- Cases closed via stipulated revocation.
- Cases closed via stipulated surrender.

The table on page 6 reflects these subcategories of *Cases Qualifying for Cost recovery* and the resultant adjustments to arrive at *Net Potential Cost Recovery Cases*. Therefore, the numbers outlined in

*Net Potential Cost Recovery Cases* represent the remainder from *Cases Qualifying for Cost Recovery* — less defaults, stipulated revocations, and stipulated surrenders.

The second component of the table depicts Actual Cost Recovery in Relation to Case Expenditures. *Actual Cost Recovery Cases* is a final subset of *Net Potential Cost Recovery Cases*, and this category is comprised only of those cases in which actual cost recovery was ordered.

*Enforcement Expenditures for Net Potential Cost Recovery Cases* are the costs incurred in pursuing these cases to conclusion. The final category, *Actual Cost Recovery Dollars and Percentages* depicts recovery rates with respect to enforcement expenditures for those cases in which cost recovery was ordered or included in settlements. Again, the percentage of recovery is substantial, reflecting a strong success rate in this endeavor. ❖

### Future 2001 Meetings

January 26, 2001 San Francisco Board Committee on Professional Conduct	May 18, 2001 San Diego Board Committee on Professional Conduct	August 29-30, 2001 Southern California Qualifications Committee
March 23, 2001 Los Angeles Committee on Professional Conduct	June 20, 2001 Northern California Qualifications Committee	August 30, 2001 Los Angeles Administrative Committee
March 24, 2001 Los Angeles Board	June 28, 2001 San Francisco Administrative Committee	September 21, 2001 Los Angeles Board Committee on Professional Conduct
April 25-26, 2001 Southern California Qualifications Committee	July 12, 2001 Sacramento Report Quality Monitoring Committee	October 24-25, 2001 Southern California Qualifications Committee
April 26, 2001 Los Angeles Administrative Committee	July 20, 2001 San Francisco Board Committee on Professional Conduct	November 1, 2001 Sacramento Administrative Committee
		November 16, 2001 Sacramento Board Committee on Professional Conduct

Board, committee, and task force meetings are open to the public. Licensees are encouraged to attend.

For further information, please call the Board office at (916) 263-3680.

## Regulation on Client Notification

Many licensees may not be aware that on June 9, 2000, a new Board regulation, Section 50, went into effect. Section 50 requires that all licensees, including licensed firms, notify their clients that they are licensed by the California Board of Accountancy.

Section 50 was adopted in response to a law enacted in 1998 that mandated all boards within the Department of Consumer Affairs adopt such a requirement. The purpose of this law is to enhance consumer protection by ensuring that clients are informed that the practitioner has met certain standards and has been issued a license by the appropriate state agency.

To make compliance with the new requirement as simple as possible, Section 50 provides licensees with a number of options for communicating the fact that they are licensed by the California Board of Accountancy. Each licensee is encouraged to select a method that is consistent with the licensee's practice and clearly conveys the required information to clients. Licensees may comply with Section 50 by displaying the certificate of licensure in their offices or reception areas. Compliance also may be achieved by the licensee posting information on an Internet Web site.

For reference, the full text of Section 50 is provided below. It also is available on the Board's Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).

### Section 50. Client Notification.

Every licensee engaged in the practice of public accountancy shall provide notice to the licensee's clients of the fact that the licensee is licensed by the Board of Accountancy. Notice shall be provided by any of the following methods:

(a) Displaying his or her certificate of licensure issued by the Board in the office or the public area of the premises where the licensee provides the licensed service.

(b) Providing a statement to each client to be signed and dated by the client and retained in that person's records that states the client understands the person is licensed by the Board of Accountancy.

(c) Including a statement that the licensee is licensed by the Board of Accountancy either on letterhead or on a contract for services where the notice is placed immediately above the signature line for the client in at least 12-point type.

(d) Posting a notice in a public area of the premises where the licensee provides the licensed services, in at least 48-point type, that states the named licensee is licensed by the Board of Accountancy.

(e) Any other method of written notice, including a written notice that is electronically transmitted or a written notice posted at an Internet Web site, which is reasonably calculated to be received by the licensee's clients.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code. Reference: Section 138, Business and Professions Code.

The full texts of the Accountancy Act and the Board of Accountancy Regulations are posted on the Board's Web site. ❖



# Clarification of Information Regarding Continuing Education Requirements

In the previous edition of *Update*, Issue 46, the following information appeared on page 7 in the article, *50/50 CE Requirement*.

"Licensees may claim up to 25 percent of their 50 percent technical CE requirement by writing published articles and books – if the publisher is not under the control of the licensee – by writing instructional materials for any qualifying CE program, and/or by writing questions for the Uniform CPA Examination."

To clarify the above information, consistent with Section 88 (e) of the Accountancy Regulations, licensees may claim up to 25 percent of their **total** renewal period CE requirement by:

- Writing published articles and books — if the publisher is not under the control of the licensee.
- Writing instructional materials for any qualifying CE program.
- Writing questions for the Uniform CPA Examination.

Questions about the above continuing education requirement may be addressed to the Board's staff by e-mail at [renewalinfo@cba.ca.gov](mailto:renewalinfo@cba.ca.gov), or by telephoning Ms. Rose Lim of the Board's staff at (916) 263-3973. ♦

## 2001 Committee Member Appointments

The Board is pleased to announce that the following licensees were either reappointed or newly appointed to serve on the Board's committees for 2001. Appointments were announced at the Board's regularly scheduled meeting of November 17, 2000, in Los Angeles, California.

### Administrative Committee

Olaf Falkenhagen, CPA, Chair  
David R. Flamer, CPA  
Barry A. Franzen, CPA  
Robert R. Lovret, CPA  
Daniel R. Matter, CPA  
Patricia A. O'Neill, CPA  
Felipe L. Quezada, CPA  
Mathew Rodgers, PA  
Susan Shuirman, CPA  
Dawn E. Struck-Rau, CPA

### Qualifications Committee

Paul Koreneff, CPA, Chair  
Stephen L. Larson, CPA, Vice Chair  
Gary J. Bong, CPA  
Sefton Boyars, CPA  
Roger Bulosan, CPA  
Kristine Caratan, CPA  
Nancy J. Corrigan, CPA  
Waldemar Faimann, CPA  
Cheryl M. Gerhardt, CPA  
David M. Graham, CPA  
Thomas Hunt, CPA  
Hamid Kabani, CPA  
Richard K. Kikuchi, CPA  
Alice Norwood, CPA  
Janet Rosman, CPA  
Terri Aja Webster, CPA

Michael L. Williams, CPA  
Sheryl M. Yardumian, CPA

### Report Quality Monitoring Committee

Michael D. Feinstein, CPA, Chair  
Arthur Korn, CPA, Vice Chair  
Claus Agger-Nielsen, CPA  
James Babcock, CPA  
Ed Beranek, CPA  
Marlyn C. Catalano, CPA  
Kenneth S. Cohen, CPA  
Saboochi A. Currim, CPA  
Maurice J. Eckley, Jr., CPA  
Robert L. Eichel, CPA  
Karl Gunther, CPA  
Michael Haas, CPA  
James M. Kasim, CPA  
Andy Mintzer, CPA  
Gary O'Krent, CPA  
Federico Quinto, Jr., CPA  
Anne V. Renna, CPA  
Joanne M. Riester, CPA  
David W. Robinson, CPA  
Raymond A. Russell, CPA  
Thomas Seymour, CPA  
Richard Sierra, CPA  
Arnold L. Stengel, CPA  
Robert W. Williams, Jr., CPA  
William L. Woodward, CPA

## Qualifications Committee Provides Consumer Protection

The primary goal of the California Board of Accountancy's Licensing Program is to ensure individuals receiving the CPA license possess the necessary knowledge and qualifications to competently and ethically practice public accounting. The Board's Qualifications Committee (QC) meets five times a year, and it plays a key role in the licensure process by reviewing the attest experience of applicants and making recommendations regarding the applicant's qualifications for the CPA license.

Established in 1945 by statute to serve in an advisory capacity to the Board, the committee assists the Board in two ways. First, an applicant may be requested to appear before the QC to present evidence substantiating that his or her experience meets the requirements of the Board's statutes and regulations. A subcommittee of a minimum of two QC members interviews the applicant.

Through an oral interview and a review of the work papers, the subcommittee assesses the applicant's experience and makes a recommendation to defer or approve. If an applicant is deferred, he or she is requested to obtain additional experience and reappear before the QC with evidence substantiating the additional experience. Applicants recommended for licensure receive final approval from the Executive Officer on behalf of the Board. After payment of the appropriate fees, the applicant then receives the CPA certificate.

The second way the QC assists the Board in its licensure activities is through a "Rule 69 review," in which the applicant's employer is requested to provide evidence to support the affirmative answers on the "Form E" which verifies that the applicant has completed the attest experience required for licensure. Section 69 of the Board's regulations specifies the procedure for these reviews — hence, the "Rule 69 review."

The Rule 69 review process helps ensure that employers provide accurate, unbiased verification of the applicant's experience. This review includes an oral interview with the employer and applicant, together with a review of supporting work papers. The subcommittee then assesses the employer's understanding of the experience requirements and completion of the Form E, and it evaluates whether the applicant has met the experience requirements for licensure.

The QC, composed of as many as 21 licensee members, is a large committee with a big workload. To illustrate the scope of its work, during the 1998 and 1999 calendar years, 269 applicants were requested to appear before the QC. Seventy-two percent of those applicants were approved for licensure. One hundred and four employers appeared under the Rule 69 provision to provide evidence to support the affirmative answers on the Forms E. Sixty-seven percent of those applicants whose employers appeared before the QC were approved for licensure.

Each year the Board seeks licensees with strong technical skills, time, and interest to become members of the Board's advisory committees, including the Qualifications Committee, Administrative Committee, and the Report Quality Monitoring Committee. A future issue of *Update* will outline the recruitment process and timelines for seeking a position on one of these three committees. ❖

### Policy of Nondiscrimination on the Basis of Disability and Equal Employment Opportunity

The California Board of Accountancy does not discriminate on the basis of disability in employment or in the admission and access to its programs and activities.

An Americans with Disabilities Act (ADA) coordinator has been designated to coordinate and carry out this agency's compliance with the nondiscrimination requirements of Title II of the ADA. Information concerning the provisions of the ADA, and the rights provided thereunder, is available from:

ADA Coordinator  
California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, California 95815-3832

## Meeting your PC&E Course Requirement

Since January 1, 1998, Professional Conduct and Ethics (PC&E) continuing education has been required for all active license renewals. This eight-hour course provides information on the provisions of the current Accountancy Act, the Board of Accountancy regulations, and other rules of professional conduct.

The PC&E requirement is being phased in over a six-year period. According to the timetable, one-third of the licensee population will meet the requirement in a specified two-year period, based on the last two digits of the CPA/PA license number.

- Practitioners whose license numbers end in the "01-33" range must have completed the initial PC&E course by their license renewal dates in 1998 or 1999, as applicable.
- Those whose license numbers end in the "34-66" range must meet the PC&E requirement by their license renewal dates in 2000 or 2001, as applicable.
- Licensees whose license numbers end in the "67-00" range must meet the PC&E requirement by their license renewal dates in 2002 or 2003, as applicable.

Please remember that only Board-approved courses satisfy the requirement.

A current list of Board-approved courses is available on the Board's Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba). This list is also available by faxing a request to (916) 263-3672 or by telephoning the Board's staff in the Renewal Unit. The telephone numbers are listed on the back page of this publication. ❖

### Contributors to this Edition of *Update*

Vivian Chen  
Mary Crocker  
Patti Franz  
Mary Gale  
Aronna Granick  
Holly Hansen  
Stephanie Hoffman  
Rose Lim  
Sara Narvaez-Smith  
Michele Santaga  
Lynn Selfridge  
Moises Yanez

## Department of Consumer Affairs California Board of Accountancy Major Case Consultant Opportunity

The California Board of Accountancy is establishing a pool of qualified licensees to be engaged as Major Case Consultants within the Board's Enforcement Division. The services of a Major Case Consultant may be used for investigating cases involving complex accounting/auditing issues.

Minimum qualifications include 10 years' experience after licensure as a CPA, three of which are at the manager or partner level in a national accounting firm, a current "active" California CPA license, and prior trial or deposition testimony experience.

After screening, including a personal history investigation and fingerprinting, candidates will be retained in the pool for a period of three years, pending assignment to a case. As the need arises, incumbents will be selected for assignment based on their particular areas of expertise and will work under the direction of the Chief of the Board's Enforcement Division. These experts will be engaged by contract with the Board at the time of assignment. The hourly rate per billable hour will be negotiated on a case-by-case basis, giving consideration to the relevant experience of the consultant and the complexity of the issues involved.

Historically, the Board has paid \$95 - \$150 per hour for similar services.

If interested, please contact the Board for additional information and an application packet. Inquiries may be addressed to:

California Board of Accountancy  
Attention: Major Case Consultants Pool  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815  
(916) 263-3961

The final date to file an application is February 28, 2001. ❖



## Deadlines for the May 2001 Uniform CPA Examination

The next Uniform CPA Examination will be held May 2 and 3, 2001. Applicants can apply for the examination online at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba), or by obtaining a hard-copy application by contacting the Board's office at (916) 263-3675.

Applicants are reminded that to sit for the May 2001 examination in California, their completed applications, accompanied by the appropriate fees, as well as their official transcripts mailed directly to the Board's Office from each educational institution, must be postmarked on or before the final filing date.

Application availability and final filing dates for the May 2001 examination are as follows:

### Application Availability Dates

January 1, 2001	Sitting for the first time as a California applicant.
February 2, 2001	Previously sat as a California applicant.

### Final Filing Dates

February 1, 2001	Sitting for the first time as a California applicant.
March 1, 2001	Previously sat as a California applicant.

## Forms Available on the Board's Web Site

The following forms are currently posted on the Board's Web site. All forms are available in Portable Document Format (PDF), meaning they can be viewed and printed. Viewing a PDF form requires the installation of *Adobe Acrobat Reader*, free software available through our Web site.

### Of Importance to the **Consumer**

Complaint Regarding Board  
Complaint Regarding Licensee

### Of Importance to the **Licensee**

Address Change Form – Licensee  
CE Extension/Exemption Request  
CE Report – for Renewal  
Name Change/Certificate Replacement Request  
Renewal Information and Instructions  
Status Conversion Form

### Of Importance to the **CPA Examination Applicant**

Accommodation of Disabilities Request  
Address/Name Change – Exam Candidate  
Examination Application – ONLINE  
Examination Application – Hardcopy Request  
Out-of-State Form  
Site Change Request

### Of Importance to the **CPA Licensing Applicant**

Application Check Sheet  
Application Form and Instructions  
Certification of Grades and/or Licensure  
CE Reporting Form – for Initial Licensure  
Criminal Conviction Disclosure Form  
Fingerprinting Packet Request  
Form E – Certificate of Experience  
Waiver of Practice Rights

## Disciplinary Actions and Standard Probationary Terms

When the Board receives a complaint, an investigation is conducted. Information regarding a complaint generally is gathered by staff Investigative CPAs, often accompanied by a licensee's appearance before the Board's Administrative Committee. In some cases, information is gathered by the Department of Consumer Affairs Division of Investigation.

Following this investigation, or for other reasons, a recommendation is made either to close the case for lack of evidence, or to refer the matter to the Attorney General for review and possible preparation of an accusation against the licensee or a statement of issues relating to the applicant.

The Board may revoke, suspend, or impose probation on a license for violation of applicable statutes or regulations. In addition to any case-specific terms of probation, the standard probationary terms include:

- Obey all federal, California, other state, and local laws, including those rules relating to the practice of public accountancy in California.
- Submit within 10 days of completion of the quarter, written reports to the Board on a form obtained from the Board. The Respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.
- During the period of probation, appear in person at interviews or meetings as directed by the Board or its designated representative, provided such notification is accomplished in a timely manner.
- Comply with the terms and conditions of the probation imposed by the Board, and cooperate fully with representatives of the Board in its monitoring and investigation of the respondent's compliance with probation terms and conditions.

- Be subject to, and permit a "practice investigation" of the Respondent's professional practice. Such a "practice investigation" shall be conducted by representatives of the Board, provided notification of such review is accomplished in a timely manner.
- Comply with all final orders resulting from citations issued by the California Board of Accountancy.
- In the event Respondent should leave California to reside or practice outside this state, Respondent must notify the Board in writing of the dates of departure and return. Periods of non-California residency or practice outside the state shall not apply to reduction of the probationary period, or of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice, except at the written direction of the Board.
- If Respondent violates probation in any respect, the Board, after giving respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against Respondent during probation, the Board shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.
- Upon successful completion of probation, respondent's license will be fully restored.

If charges are filed against a licensee, a hearing may be held before an independent administrative law judge who submits a proposed decision to be considered by the Board of Accountancy, or the matter may be settled. The Board may either accept the proposed decision or decide the matter itself. Please note that Board actions reported here may not be final. After the effective date of the Board's decision, the licensee may obtain judicial review of its decision. On occasion, a court will order a stay of the Board's decision or return the decision to the Board for reconsideration.

Copies of the accusations, decisions, and settlements regarding any of these disciplinary actions are available by sending a written request to: California Board of Accountancy, Attention: Disciplinary Actions, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832. Please state the licensee's name and license number, and allow approximately three weeks for each request.

## Disciplinary Board Actions as of 10/29/00

### Revocation of CPA Certificate

Name	Cause for Discipline	Code Violation(s) Charged
<b>DORN, LAWRENCE V. II</b> Fort Bragg (CPA 16939)  Revocation of CPA Certificate, via default decision. <b>Effective October 29, 2000</b>	<p>On or about September 21, 1999, Respondent was convicted of a felony (embezzlement) based upon his plea of <i>nolo contendere</i>.</p> <p>As a volunteer board member for a private school, Respondent embezzled school funds.</p> <p>Respondent was sentenced to 60 months' probation, with 365 days in county jail, and he was ordered to pay restitution of \$47,000 with interest to the school.</p> <p>Respondent failed to report his criminal conviction of felony embezzlement to the Board, as required under Section 5063.</p>	Business and Professions Code, Division 3, Chapter 1, §§ 5063 and 5100 (a).

## Disciplinary Definitions

### Accusation

A formal document that notifies a licensee of the agency's charges against the licensee.

### Cost Recovery

The licensee is ordered to pay the Board certain costs of investigation and prosecution including, but not limited to, attorney fees.

### Default Decision

The licensee failed to file a Notice of Defense or has otherwise failed to request a hearing, object, or otherwise contest the accusation. The Board takes action without a hearing based on the accusation and documentary evidence on file.

### Effective Date

The date the disciplinary decision becomes operative.

### Probation

The licensee may continue to engage in activities for which licensure is required, under specific terms and conditions.

### Revocation

The individual, partnership, or corporation is no longer licensed as a result of a disciplinary action.

### Stayed

The action does not immediately take place and may not take place if the licensee complies with other conditions (such as a probation term).

### Stipulation

The matter is negotiated and settled without going to hearing.

### Suspension

The licensee is prohibited for a specific period of time from engaging in activities for which licensure is required.

### Voluntary Surrender

The licensee has voluntarily surrendered the license. The individual, partnership, or corporation is no longer licensed. Surrender may also require certain conditions be met should the former licensee ever choose to reapply for licensure.

(Please see Disciplinary Actions, continued on page 16)

## Appeal of Citation and Fine Before an Administrative Law Judge

Name	Cause for Discipline	Code Violation(s) Charged
<b>KEENAN, FRANCIS</b> Irvine, CA (CPA 15134)  Citation sustained.  Mr. Keenan was fined \$500 via proposed decision. <b>Effective November 2, 2000</b>	During the period from June 1, 1999, through September 27, 1999, Respondent engaged in the practice of public accountancy without a valid permit.	Business and Professions Code, Division 3, Chapter 1, § 5050.

## Other Board Actions 11/2/00 Through 12/27/00

Name	Cause for Discipline	Code Violation(s) Charged
<b>DWORKIN, ROBERT A.</b> Torrance, CA (CPA 16088)  Revocation stayed with three years' probation and a 90-day suspension, via decision after non adoption of the proposed decision. <b>Effective November 24, 2000</b>  Probation terms include:  90-day suspension from the practice of public accountancy.  Submission of quarterly written reports.  Personal appearances before the Administrative Committee on a periodic basis.  A practice investigation of Mr. Dworkin's professional practice conducted by representatives of the Board.  If probation is violated in any respect, the Board, after giving Mr. Dworkin notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against Mr. Dworkin during probation, the Board shall have continuing jurisdiction, and the period of probation shall be extended until the matter is final.  Reimbursement of \$3,440.24 to the Board for investigative and prosecution costs. Other standard terms and conditions.	While on probation, Respondent violated the terms of his probation in that he failed to file timely quarterly reports and make timely monthly cost reimbursement payments.	Business and Professions Code, Division 3, Chapter 1, § 5100.

(Please see Disciplinary Actions, continued on page 17)



## Other Board Actions 11/2/00 Through 12/27/00

Name	Cause for Discipline	Code Violation(s) Charged
<p><b>FOX, GARY W.</b> Irvine, CA (CPA 35355)</p> <p>Revocation stayed with three years' probation, via stipulated settlement. <b>Effective November 2, 2000</b></p> <p>In addition to the 80 hours required for license renewal, Respondent shall complete 40 hours of continuing education courses.</p> <p>Another licensee, approved by the Board or its designated representatives, shall review all audits performed by Respondent during the probationary period, prior to issuance.</p> <p>Respondent is required to reimburse the Board \$8,641 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions of probation.</p>	<p>For purposes of settlement, Respondent admits to the factual allegations set forth in the Accusation. The Accusation charges Respondent with gross negligence, in the practice of public accountancy, pursuant to an audit that he performed for an investment company, for the year ended December 31, 1996. The auditor's report, the accompanying financial statements, and the work papers prepared in support of the audit all failed to comply with applicable professional standards.</p> <p>The Accusation also charges Respondent with engaging in the practice of public accountancy as an unregistered partnership from January 1, 1995, through December 31, 1997.</p> <p>From April 1, 1999, through September 17, 1999, Respondent engaged in public accounting practice with an expired certified public accountant license.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5062, 5072 (a), and 5100 (c) and (f); California Code of Regulations, Title 16, Division 1, § 58.</p>

## Other Board Actions 11/2/00 Through 12/27/00

Name	Cause for Discipline	Code Violation(s) Charged
<p><b>MAUGHAN, MARK G./ BROWN &amp; MAUGHAN, AN ACCOUNTANCY CORPORATION</b> Fountain Valley/Rolling Hills Estates, CA (CPA 38184) (COR 2529)</p> <p>Revocation stayed with three years' probation and a 30-day suspension, via stipulated settlement. <b>Effective December 27, 2000</b></p> <p>Probation terms include:</p> <p>30-day suspension from the practice of public accountancy.</p> <p>Renewal of the CPA and corporate licenses, respectively, within 30 days of the effective date of this order.</p> <p>Compliance with the citation order which contained administrative fines totaling \$1,500.00 and an order of correction and abatement. Payment of \$1,500.00 is due within 30 days of the effective date of this order.</p> <p>Reimbursement of \$4,360.17 to the Board for investigative and prosecution costs.</p> <p>Submission of a sample set of financial statements, representing the highest level of service rendered, between August 1, 1995, and July 31, 1997.</p> <p>Completion of a Board-approved ethics examination with a score of 90 percent or greater, within the first year of probation.</p> <p>Other standard terms and conditions.</p>	<p>For purposes of settlement, Respondent admits the truth and accuracy of the allegations and charges in the Accusation. Respondent and his accountancy corporation engaged in the practice of public accounting with expired licenses.</p> <p>Respondent additionally failed to pay an administrative fine imposed by the Board for failing to supply the Board with copies of a financial report representing the highest level of service rendered, in accordance with Section 89.1 of the California Code of Regulations.</p> <p>Respondent's failure to pay the administrative fine caused the Board to withhold renewal of his CPA license.</p>	<p>Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5100 (f) and 5154; California Code of Regulations, Title 16, Division 1, § 89.1.</p>
<p><b>MEDKIFF, MICHAEL LEWIS</b> Los Angeles, CA (CPA 40856)</p> <p>Revocation stayed with three years' probation, via stipulated settlement. <b>Effective November 2, 2000</b></p> <p>Respondent's CPA license is suspended for a period of 60 days.</p> <p>Respondent shall complete an eight-hour ethics course during the first year of the probation period.</p> <p>Respondent is required to reimburse the Board \$6,500 for its investigation and prosecution costs.</p> <p>Other standard terms and conditions of probation.</p>	<p>Respondent admits to the allegations that in 1996 he charged a contingent fee for the preparation of amended individual income tax returns for one of his clients.</p> <p>Respondent also admits that in 1999 he prepared false amended individual income tax returns for another of his clients and, again, he charged a contingent fee.</p>	<p>Business and Professions Code, Division 3, Chapter 1, § 5100 (c), (f), and (i); California Code of Regulations, Title 16, Division 1, § 62.</p>

# ADDRESS CHANGE FORM

A separate change of address form must be submitted for each license type.

Please Print

## Name of Licensee

Individual (CPA/PA) - Lic. No. \_\_\_\_\_

_____	_____	_____
Last	First	Middle

## Name of Firm

☐ Corporation ☐ Partnership ☐ Fictitious Name License No. \_\_\_\_\_

_____
Firm Name

## Address of Record

*Be advised that your address of record is public information, and all Board correspondence will be sent to this address.*

☐ Home ☐ Business (check one)

_____
-------

Business Name (if different from name above)

_____	_____
-------	-------

Street ☐ Apt. # ☐ Suite # (check one)

_____	_____	_____
-------	-------	-------

City State Zip

## Other Address

*Provide a street address if your address of record is a mail drop or a Post Office Box. This address will not be posted on the Web License Lookup.*

☐ Home ☐ Business (check one)

_____	_____
-------	-------

Street ☐ Apt. # ☐ Suite # (check one)

_____	_____	_____
-------	-------	-------

City State Zip

## Daytime Phone Number

_____	-	_____
Area Code		

## Date of Birth

_____	_____	_____
Mo.	Day	Year

I certify the truth and accuracy of all of these statements and representations.

**Signature of Licensee,  
Licensed Partner, or  
Licensed Shareholder** \_\_\_\_\_

Date \_\_\_\_\_

Print your name \_\_\_\_\_

A licensee who fails to notify the California Board of Accountancy within 30 days of a change in his/her address of record may be subject to citation and fine (fines ranging from \$100-\$1000) under the California Code of Regulations, Title 16, Division 1, Sections 3 and 95.2.

The Board maintains a list of all licensees. This list is sold to requestors for mailing list purposes. Check here only if you do not want your name included on this list. ☐  
*Please Note: Your name and address of record is public information and can be accessed through our Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba).*

**Mail to:** California Board of Accountancy, 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832  
or **FAX to:** (916) 263-3675

## Board of Accountancy Directory

Board Office ..... (916) 263-3680  
 Board Office Facsimile ..... (916) 263-3675  
 License Status Check ..... (916) 263-3680

Also available on Board Web site.

General Examination Questions ..... [examinfo@cba.ca.gov](mailto:examinfo@cba.ca.gov)  
 (916) 263-3953 or 263-3958  
 Facsimile (916) 614-3253

Enforcement Information and Questions ..... [enforcementinfo@cba.ca.gov](mailto:enforcementinfo@cba.ca.gov)  
 (916) 263-3968  
 Facsimile (916) 263-3673

Certifications ..... (916) 263-3949

Initial Licensing — Individual: ..... [licensinginfo@cba.ca.gov](mailto:licensinginfo@cba.ca.gov)  
 Last name begins with: A-Hn ..... (916) 263-3946  
 Ho-Pi ..... (916) 263-3947  
 Pj-Z ..... (916) 263-3945  
 Facsimile (916) 263-3676

Initial Licensing — Partnerships, Corporations, Fictitious Names: ..... (916) 263-3948  
 Facsimile (916) 263-3676

Renewal for CPA/PA, Partnerships, Corporations, Continuing Education:  
 ..... [renewalinfo@cba.ca.gov](mailto:renewalinfo@cba.ca.gov)  
 Last name begins with: A-E ..... (916) 263-3799  
 F-K ..... (916) 263-3798  
 L-Q ..... (916) 263-3934  
 R-Z ..... (916) 263-3935  
 Facsimile (916) 263-3672

Web Site Address ..... [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba)

Web Page Master ..... [pagemaster@cba.ca.gov](mailto:pagemaster@cba.ca.gov)

Department of Consumer Affairs  
**California Board of Accountancy**  
**UPDATE Issue #47**  
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